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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - January 25, 2008

¶1. The following are brief items of interest compiled by Embassy Minsk.

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Civil Society

¶2. Journalist Sentenced for Mohammed Cartoons

A Minsk city court sentenced former Deputy Editor-in-Chief of the independent weekly "Zgoda" Aleksandr Sdvizhkov January 18 to 3 years in a high security jail. The judge found Sdvizhkov guilty of inciting religious and ethnic hatred following the paper's re-publication of controversial cartoons of the prophet Mohammed last February. The Supreme Economic Court shut the weekly down in March 2006, and Sdvizhkov fled the country to escape criminal prosecution. He was arrested in Borisov November 18, 2007, and tried behind closed doors. The local Muslim community considers the sentence excessive, and observers call the charges politically motivated.

¶3. Opposition Youth Banned from Traveling Abroad

Malady Front activist and "Nasha Niva" reporter Yaroslav Grishchenya received official notification January 22 that authorities placed him on the government's foreign travel ban list. Grishchenya called the ban politically motivated and aimed at the isolation of

opposition members. Authorities did not cite reasons for the ban.

14. Elderly Activist Fined for Newspaper Distribution

A Minsk district court fined senior citizen activist Svetlana Danilova 175,000 BYR (USD 80) January 21. The police arrested Danilova in central Minsk January 20 while she was distributing independent newspapers publicizing the January 21 entrepreneurs' demonstration. They seized all copies of the newspapers and charged the activist with violating regulations concerning mass events. Danilova said she does not plan to appeal the ruling because she has no trust in the court system.

15. Opposition Establishes Patriotic Association

On January 20 opposition activists held the founding convention to establish the new NGO "Gorizontal." The organization will promote civil society development, carry out projects to promote patriotism, social justice, equality, and democracy, and develop "the patriotic and democratic traditions and achievements of Belarusians." Delegates elected opposition Communist Party Leader Sergey Kalyakin chairman of the NGO's council. The Council plans to file for registration with the Justice Ministry soon.

16. GOB Calls for More Cooperation with Orthodox Church

Aleksandr Lukashenko January 24 called for closer cooperation between the Orthodox Church and the government in boosting birth rates and improving the health and moral standards of the nation. Lukashenko made the call for cooperation while meeting with the Synod of the Russian Orthodox Church in Belarus, saying that the government had successfully created conditions for what he called the normal operation of all denominations that are acting within the framework of the law. Minsk and Slutsk Metropolitan Filaret, head of the Russian Orthodox Church in Belarus, asked the Belarusian

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leader to help set up an Orthodox Christian radio station.

17. Anti-Nuclear Plant Campaigners Launch Website

Activists opposed to GOB plans to build a nuclear power plant launched a website January 24 to publicize their opposition to the project. The website, atomby.net, highlights environmental risks posed by nuclear power plants and nuclear waste. Organizers plan to post a petition on the site calling on the GOB to abandon the project.

Domestic Economy

18. Belarus' Net Foreign Assets up 160 Percent

Net foreign assets of the Belarusian government and National Bank of Belarus amounted to USD 4.19 billion as of January 1, 2008, an increase of 160 percent for the year. Foreign assets placed in hard currency amounted to USD 4.49 billion and soft currency assets reached USD 310 million, while liabilities reached USD 604.8 million.

19. Natural Gas Price for Businesses to Rise 20 Percent

The Belarusian Ministry of Economy announced a 20 percent increase in natural gas prices for local businesses January 18. As of February 1 the new price will be USD 146 per thousand cubic meters (tcm). This year Belarus will buy Russian natural gas at an average price of USD 125 per tcm, a figure supposedly equal to 70 percent of the price for Poland, minus transport costs.

International Trade

10. India Trade Ties to Expand

India's Ambassador to Belarus Rajendra Kumar Tyagi told a news conference on January 22 that his country is interested in imports of Belarusian-made heavy duty trucks and potassium fertilizers. He also stated that Indian businesses are ready to invest hundreds of millions dollars in a joint venture with Belarus' Belshina to produce large tires in India. India is also seeking to sign contracts to upgrade Belarusian power plants. An intergovernmental trade and cooperation committee will address further trade possibilities in March.

11. Baltic Beverages to Invest in Brewery

Baltic Beverages Holding (BBH), a joint venture between Edinburgh-based S&N and the Danish brewer Carlsberg, announced plans January 23 to invest USD 6 million in Olivaria Breweries (www.alivaria.by) this year. Officials at Olivaria stated that the company plans to increase exports during the next quarter, and that in addition to recently signed contracts to supply Moscow and southern Russia, exports to Ukraine and other CIS countries will begin soon. The European Bank for Reconstruction and Development invested in Olivaria in 2005 and currently holds a 21 percent stake. BBH acquired a 30 percent stake in the brewery in late 2006.

12. Quote of the Week

Industry analyst Larisa Nefedov describing the government's plan to expand requirements for the nighttime use of reflectors on clothing as part of its campaign to increase pedestrian safety:

"According to the new reflector-use standards, reflective tape will be required on both sleeves, around the bottom of jackets, along the back, and down each side. Regular pedestrians will end up having more glowing tape attached to them than highway patrolmen."

Stewart